

## Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 OPIC-03 COME-00 SP-02 USIA-06 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 INR-07 NSAE-00 L-03 FRB-03 /074 W

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R 212042Z JUL 76

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 6424

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3.O. 11652: N/A

TAGS: EINV, AR

SUBJECT: U.S. INVESTMENT CASES: CHASE MANHATTAN, OTHER BANKS

PASS TREASURY

REF: A) STATE 176371, B) BUENOS AIRES 4682

1. LOCAL CHASE, CITIBANK AND MORGAN GUARANTY REPS CONFIRM REPORTS THAT THEY AND THE SPECIAL BANKING COMMISSION HAVE REACHED AGREEMENT ON THE SETTLEMENT TERMS FOR THE INVESTMENT DISPUTES ARISING FROM THE NATIONALIZATION OF THE BANKS BY THE FORMER REGIME. THE COMMISSION'S RECOMMENDATIONS STILL HAVE TO BE APPROVED BY THE MINISTER OF ECONOMY AND BY THE JUNTA BUT THE US BANK REPS DO NOT ANTICIPATE ANY DIFFICULTIES. IMPLEMENTATION OF CITIBANK AND MORGAN GUARANTY SETTLEMENTS IS EXPECTED TO BE RAPID, WHEREAS THAT OF CHASE MAY TAKE AS LONG AS SIX MONTHS.

2. THE TERMS OF THE SETTLEMENTS VARY ACCORDING TO THE BANK, AS FOLLOWS:

A) CHASE

1) BANCO ARGENTINO DE COMERCIO (BAC) WILL BE RETURNED TO LIMITED OFFICIAL USE

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CHASE OWNERSHIP AND MANAGEMENT.

2) ALL THE LOANS MADE DURING THE PERIOD IN WHICH BAC WAS UNDER THE GOA MANAGEMENT WILL BE DISTRIBUTED AMONG ARGENTINE STATE BANKS. THE GOA WILL RETURN THE PROFITS FROM THESE LOANS.

3) EXCESS PERSONNEL ADDED TO BAC DURING THE PERIOD IN WHICH BAC WAS UNDER GOA MANAGEMENT WILL BE ABSORBED BY OTHER OFFICIAL BANKS.

?) CITIBANK

1) THE BAHIA BLANCA BRANCH WILL BE RETURNED TO CITIBANK BUT CITIBANK WILL HAVE TO ABSORB THE LOSSES OF THIS BRANCH SINCE 1973. (UNLIKE CHASE, CITIBANK HAD DIRECT MANAGEMENT OF THE BAHIA BLANCA BRANCH DURING THIS PERIOD. CITIBANK APPARENTLY IS WILLING TO FORGET ITS CLAIM THAT THESE LOSSES WERE ATTRIBUTABLE TO THE SUPERVISION OF THE BAHIA BLANCA BRANCH OPERATIONS BY THE GOA.)

2) CITIBANK WILL NOT REACQUIRE THE MAR DEL PLATA SUBSIDIARY WHICH IT SOLD UNDER PRESSURE OF THE GOA. IN COMPENSATION, HOWEVER, IT WILL BE AUTHORIZED TO OPEN A NEW BRANCH IN MAR DEL PLATA.

C) MORGAN GUARANTY: ITS BANCO FRANCES SHARES AND RELATED PROFITS WILL BE RETURNED TO IT.  
CHAPLIN

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Copy:** SINGLE  
**Draft Date:** 21 JUL 1976  
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**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
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